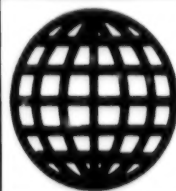


JPRS-NEA-93-043

5 April 1993



**FOREIGN
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JPRS Report

Near East & South Asia

REGIONAL AFFAIRS

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Extremist Activity in U.S. 'Exposed'

93WR0166Z London AL-SHARQ AL-AWSAT in
Arabic 10 Mar 93 pp 1, 4

[Article: "AL-SHARQ AL-AWSAT Exposes Activity of Radical Movements in United States"]

[Text] London, New York, Washington—Informed sources in New York have told AL-SHARQ AL-AWSAT that a network of fundamentalists is engaged in large-scale underground activity in New York City and its suburbs and that this network has been working since the late 1980's to collect money and provide weapons training to its members at a secret farm in New Jersey. The sources added that the network uses al-Faruq Mosque in New York as a center for its activity and that it purchased a press to print fake U.S. dollars within the framework of its operations to finance its activities.

The network includes people from Egypt, Sudan, Morocco, Algeria, Tunisia, Palestine, Jordan, Pakistan, and other countries.

In an interview with AL-SHARQ AL-AWSAT, a source closely connected with al-Faruq Mosque from the late 1980's until the early 1990's has exposed several aspects of the network's activities. This source, who has asked that his identity be kept hidden, is a Muslim Arab who has been living in the United States for several years and who severed his relations with the mosque sometime ago because he does not support these activities.

At a later time, other sources, including Joseph (Valicoit), the FBI spokesman in New York, supported the statements made by the source to AL-SHARQ AL-AWSAT.

Mustafa Shalabi, an Egyptian, was a member of this network. He operated from an office at al-Faruq Mosque on Atlantic Avenue in Brooklyn, New York, during that period. Shalabi, who was assassinated afterward in front of al-Faruq Mosque, supervised an organization that was registered under the name of the Struggle Organization for Immigration Services. But the organization's secret name was al-Jihad Organization. Shalabi was nicknamed the "jihad leader" in New York.

The mosque and its organization were later presented to the U.S. authorities, including the FBI and the CIA, as two philanthropic organizations, as well as two centers for recruiting volunteers to fight in Afghanistan.

The "Afghan dimension" was not justifiable, considering that the Soviets had notified Washington of their wish to withdraw from Afghanistan. But despite this fact, Shalabi and his colleagues purchased an abandoned farm in New Jersey and set up a military training camp in it. Our source has asserted that a countless number of volunteers were trained in this center and then sent to a number of Islamic countries, including Pakistan. But it is unlikely that any of them fought in Afghanistan.

The network targeted several other Islamic countries in the Middle East and North Africa. It has been reported that the network has collected vast financial donations from the Islamic community in the name of jihad in Afghanistan and helped its members immigrate to the United States illegally.

The network has used part of the donations for investment in a number of front activities, including a real estate agency, a supermarket, a pharmacy, a restaurant, and a furniture store. The network also organized lessons in karate inside the mosque to attract Muslim youth.

A dispute developed between Shalabi and Shaykh Fawwaz Dummar (a Palestinian), who was the mosque imam at the time and who objected to the former's activities and asked him to submit financial statements. But Shalabi was able to evade a financial audit every time. The big confrontation occurred when Shalabi refused to pay a \$1,000 telephone bill. It became evident that most of the calls listed on the bill were made by Shalabi to Cairo. But Shalabi made the calls in the name of Shaykh Fawwaz, who objected to the act. The person in Cairo to whom Shalabi made the majority of the calls was Shaykh 'Umar 'Abd-al-Rahman. Arrangements were being made at the time to ensure that the shaykh would be able to enter the United States.

After a heated session, Shalabi agreed to pay the bill. Afterward, a dispute developed between Shalabi and a number of members of the mosque's executive council when a machine to print counterfeit dollars was discovered in the mosque's basement. It is not clear whether any counterfeit bills were actually printed, but Shalabi was forced to take the machine out of the basement and move it to an unidentified site.

In 1991, 'Abd-al-Rahman arrived in New York after receiving an entry visa from the U.S. Embassy in Khartoum. Immediately upon his arrival in the United States, an operation was organized to oust Shaykh Fawwaz and to have Shaykh 'Umar 'Abd-al-Rahman replace him as al-Faruq Mosque imam. At the same time, the role of a Palestinian called Husayn 'Awad, who was the main financier of al-Faruq Mosque in the initial phase of the mosque construction, was gradually curtailed.

Simultaneously, another mosque, al-Salam, was set up in an abandoned furniture store in Jersey City, in the neighboring state of New Jersey. Several months after these changes, unidentified persons shot and killed Shalabi.

This was followed by another assassination, which claimed the life of a person called Samih Sadiq. In a long investigation, the FBI tried to attribute responsibility for this assassination to the group that ran the mosque. But the charge, made in a federal lawsuit filed in a lower New York City court against Shaykh 'Umar 'Abd-al-Rahman, was dropped earlier this year.

It is likely that Shalabi was killed when his colleagues discovered that he was involved in financial corruption, including the transfer of sums of money to foreign bank accounts under his name.

The FBI spokesman announced yesterday that both the Atlantic Avenue and Jersey City mosques are "currently under investigation," adding that "there are many points that have to be clarified. These points will help our efforts to clarify the circumstances engulfing the explosion at the World Trade Center."

According to the FBI, the search conducted in the past few days in all of the buildings belonging to the two mosques and in the homes of groups connected with the two

mosques has resulted in the seizure of "numerous items," including "equipment to make explosives."

New York sources noted yesterday that they are aware of "illegal financial transactions" connected with the activities of number of organizations that claim to be Islamic cultural or charitable organizations.

In a statement to AL-SHARQ AL-AWSAT, a source said: "This group, which is connected with al-Faruq Mosque network, must have bank accounts in Switzerland."

It should be noted that the Swiss authorities have received a request to grant 'Abd-al-Rahman an entry visa to Switzerland in case he is deported from the United States.

Earlier this year, 'Abd-al-Rahman had refused to go to Tehran and told the Iranian envoy who delivered this invitation to him that any move of the sort would harm his group's activities in the United States.

New York Bombing Suspect's Wife Interviewed

93AA0007A London AL-SHARQ AL-AWSAT
in Arabic 12 Mar 93 pp 1, 4

[Article by Khalil Matar from New Jersey: "Title Missing"]

[Excerpts] [Passage omitted] Nidal 'Ayad is the chemical engineer who was arrested by U.S. authorities last Wednesday on suspicion of aiding and abetting in the explosion that occurred at the World Trade Center in New York. His wife said: "I am 100 percent certain that Nidal is innocent. God willing, he will be exonerated."

Nidal 'Ayad's 18-year-old wife, who is pregnant, added that the suspicions that surrounded her husband and led to his arrest were due to the fact that he is a chemical engineer first, a Muslim Arab second, and a friend of Muhammad Amin Salamah, third. Muhammad Amin Salamah is the prime suspect in this case.

'Ayad's wife, whose name was reported by newspapers to be Rim, refused to disclose her name and denied that there was a close relationship between Nidal and Muhammad. She said: "I do not go out whenever my husband goes out to visit one of his friends because I am an Arab Muslim woman. But my husband tells me about his friends, and none of his close friends is called Muhammad. That name belongs to someone who is merely a general acquaintance."

These statements were made in a telephone conversation when AL-SHARQ AL-AWSAT called the home of Nidal 'Ayad. Nidal's mother was the first to answer questions from AL-SHARQ AL-AWSAT. She spoke in a soft voice that may have been fading because of fatigue and concern over her son's condition, as well as that of her husband, 'Abd-al-Rahman, who became ill during Nidal's first court appearance on Wednesday afternoon when his heart condition flared up. Nidal's mother refused to let us enter the house because "there are only women here now," and she prayed to God, asking Him "to help us because my son is innocent." Then she gave the telephone receiver to her daughter-in-law who explained how FBI officers had stormed their way into their home.

'Ayad's wife said that the family was awakened at approximately 0630 on Wednesday by the noise made by officers

raiding their house. Nidal and his brothers rushed into the living room where they found that security officers had broken down the door with one blow. The officers entered the house without ringing the doorbell or giving any other warning.

'Ayad's wife added that security officers handcuffed everybody immediately, and they got everybody out of their bedrooms and into the living room. Then they transported everybody to the FBI offices for questioning. The women were released later, but Nidal remained in custody.

'My Husband Is Innocent'

Nidal's wife expressed her fears about threats to the family and to the house in the wake of this raid. She said that ever since security officers showed up at the house, the house has been surrounded by people from the neighborhood, and threats have been made repeatedly. "We contacted the police twice to ask for protection."

This is what she said about her husband, Nidal: "Thank God, he is a man of unimpeachable morals. He is a pious young man who knows his religion and its values. It is not possible for such a young man to do what he is being accused of doing. After all, he has been married for approximately two months, and he is still a newlywed." She added, "Everybody likes Nidal and respects him." "All those who heard of the charge against him did not believe it, because Nidal himself is a nonpartisan and conciliatory man."

Regarding the charges that were made against her husband, such as the charge, among others, of leasing a car with Muhammad Salamah, she said: "There are many matters that he is saying he is hearing about for the first time. We do not know these details, and he himself does not know them." She added: "There is no evidence against him. In fact, all the evidence is on his side. He was taken away for the reasons I mentioned to you. And he is not the first, nor will he be the last to be taken away for those reasons. Many have been taken away quietly without publicity. It is because of Nidal's work as a chemical engineer that such a fuss was made over the matter of his arrest."

With regard to the investigation, informed sources stated that the fact that \$8,000 had been transferred from Europe to New York one month before the explosion strengthened the assumption that there was a Palestinian-Lebanese connection to the incident. The funds were transferred from the bank account of a firm which has been described as "a front" in Austria for a terrorist organization whose headquarters are in Beirut. [passage omitted]

'Ayad's family immigrated to the United States in 1985, and all of the members of the family are now American citizens.

'Experts' Discuss Reaction to U.S. Energy Tax

93AE0389A Jeddah AL-MADINAH in Arabic
6 Mar 93 p 17

[Article by Mustafa Amin Ahmad: "Oil and Economy Experts to AL-MADINAH: U.S. Energy Tax Damaging to Arab Oil Interests"]

[Text] Cairo—Oil and economy experts have agreed unanimously on the serious nature of the U.S. tendency to levy energy taxes, adding that the "U.S. proposal will revive the possibilities of levying the carbon tax." The experts have expressed the belief that "these taxes will be extremely damaging, and not just to oil countries' investments. Rather, their influence will affect the international economic performance in its entirety."

In case such taxes are applied, experts have outlined features of the Arab or "oil" response in three demands:

First, the Gulf region's economic circumstances have resulted in the departure of several billions of dollars for investment abroad. It is time now to repatriate this money, especially money invested in energy projects. Dr. Tal'at Hafiz said: "Money has begun to actually be repatriated, but there must be a strong response by Arab financiers and businessmen, particularly because some international reports indicate that Arab investment in [foreign] company shares and stocks amounts to \$38 billion."

Second, the oil-exporting countries should seek to raise oil prices to make up for their losses, especially if European countries proceed to levy the carbon tax. 'Adil Sulayman, an oil expert, sees the "importance of an agreement among OPEC members to set the production quota at a level below the market demand so price will rise automatically."

Third, there is no alternative to establishing an Arab economic bloc and to following it with raising customs fees on foreign imports to make up for losses that could be incurred by Arab money abroad. Dr. Sharif Husayn, an Egyptian oil sector expert, said: "In the absence of agreement in the GATT negotiations, the Arab countries, too, are entitled to levy taxes on imports, and these imports are very big, as shown by the records."

Dimensions of Crisis

Since President Bill Clinton delivered the address in which he proposed levying an energy tax within the framework of his economic program to collect nearly \$22 billion annually in order to reduce the U.S. general budget deficit, which amounts to nearly \$346 billion, and even though this plan is to stretch over the next four years, the danger, according to Dr. Husayn 'Abdallah, an Arab oil expert, is that the taxes will escalate progressively year after year to reduce the deficit rate to 2.7 percent of the gross domestic product by 1997, instead of the current rate of 4.5 percent.

By examining the U.S. energy imports, we find that most of the energy taxes will affect Arab OPEC members. According to the latest U.S. official statistics, the United States gets 48.4 percent of its total oil imports, or 3.698 barrels daily—22.4 percent of the total U.S. oil consumption—from Arab OPEC members. U.S. crude oil production has amounted to 7.4 million barrels daily, and its natural gas production to 1.7 million [figure as published] barrels. U.S. oil imports have amounted to 7.35 million barrels daily, compared with 5.72 million barrels daily nearly a year ago.

If the industrial countries proceed to impose the carbon tax, then this tax will amount to \$10 per barrel after a certain period of time. The danger of an energy tax lies in the fact that taxes imposed on oil have been increasing since 1980, while oil prices have been falling. Oil prices

have recorded a drop of at least 50 percent, and taxes have increased by more than 132 percent.

In 1992, the price of a barrel of oil (derivatives) in Europe and the United States amounted to \$97.50, of which the oil-producing countries' share amounted to just 19 to 20 percent. Oil firms earned production cost profits amounting to 24 to 25 percent. The remaining 55 percent represented taxes paid by the consumer to the government.

Though taxes range from 31 to 60 percent in the industrial countries, the added U.S. tax is likely to raise the average from 55 percent to 61 percent. This means that oil-producing countries will not get the same revenue collected by the oil-importing country, according to Dr. Ahmad Hilal, a well-known Egyptian oil expert.

What Should We Do?

AL-MADINAH was not been content with raising the issue with just economic or oil figures. Rather, we have talked to political figures also, considering that the expected consequences will not only be economic.

Isma'il Fahmi, former Egyptian minister of foreign affairs, said: "The Saudi rejection of the proposed U.S. energy tax, as expressed in the statement made by His Excellency Minister Hisham al-Nazir prior to the latest OPEC meetings, should create a reaction that unites all of the oil-producing countries, which must consider agreement on a unified response, which either raises prices or reduces supply sharply all at once, to compensate them for the expected losses."

Missing Dialogue

Dr. Hasan Shihatah, an economics professor at al-Azhar University, said: "It is essential that the United States and the European countries consult with the oil-exporting countries first because it is unreasonable to surprise the producer with taxes on his production. Where are international treaties, and how could this be done under the umbrella of international meetings that have been going on for five years to develop agreement on a customs tariff?"

Shihatah added: "If each state has the right to levy taxes, then it must make these taxes purely domestic. In this case, it should consult with its people. But if a state does not produce all of its energy needs and if it imports a large part of them, then it must hold talks with the energy exporter."

Why Has United States Resorted to This Solution?

Dr. Lutfi 'Abd-al-'Azim said that the "U.S. administration is trying to make an economic miracle similar to the miracle accomplished by Japan and Germany. However, if the majority of the U.S. protectionist laws are kept as they are, they are likely to foil any ambitious economic plan. Protecting the U.S. textile industry has cost the Treasury nearly \$30 billion [figure as published] annually, most of which has ended up in the pockets of the firms that monopolize the textile industry. There are pressures by well-known lobbies that will not accept taxes on their interests and installations. This is where the idea of fixing the budget deficit by imposing taxes on U.S. energy imports, such as oil, originated."

Dr. 'Abd-al-'Azim added: "The oil-producing countries must reciprocate by levying similar taxes on imports from

countries that levy taxes on their [oil] exports. They must do this, not only to make up for their losses, but so that any country will think a thousand times before it proceeds to levy taxes on our Arab exports."

A Reading of Arab Imports and Exports

Sources from AL-TAQIR AL-IQTISADI AL-'ARABI AL-MUWAHHAD [Unified Arab Economic Report] point out that "Arab imports constitute a considerable percentage." This confirms credibility of the call for levying taxes on these imports. For example, the Arab homeland imports 14.5 percent of the world's total grain imports and pays 16.2 percent of the total cost that the world pays for grain imports. Moreover, Arabs import 18.6 percent of the world's wheat imports and pay 20.2 percent of the cost the world pays for wheat imports.

According to Dr. Hasan Hafiz, total Arab imports average \$93 billion [annually], which represents 2.9 percent of the world imports—amounting to \$3,197 billion annually. There has been improvement in Arab imports since the mid-1980's, considering that these imports dropped from 4.4 percent of the total world imports in 1985 to 3.4 percent in 1986 and to 2.9 percent, according to the latest 1991 statistics.

In response to AL-MADINAH's question about the percentage of total Arab exports to total world exports, Dr. Hasan Hafiz said: "They have risen from \$108 billion in the mid-1980's to \$109 billion, according to the latest statistics, after having experienced a drop in the 1986-88 period, when they ranged from \$75 billion to \$87 billion."

Dr. Hafiz wondered: "Is the growth of Arab exports behind the international effort to levy more taxes in order to reduce the revenue from these exports?"

Repatriation of Capital Is Essential Under These Circumstances

Dr. Mustafa al-Sa'id, a former Egyptian minister of economy, said that the "growing volume of Arab exports must be inevitably followed by other steps to further increase this volume without allowing any cuts, whether in the form of taxes or of other measures."

Dr. al-Sa'id added: "There are strong signs that indicate that a large part of the Arab funds abroad is being repatriated for reinvestment in the Arab countries now that the Gulf crisis and its consequences have disappeared. The current situation dictates that most investments be repatriated so that they will not be subjected to losses or so that they will not find themselves compelled to pay high taxes that undermine their investment terms."

Calm Political Dialogue

Dr. Hasan Nafi'ah said: "The energy tax issue requires a calm dialogue between the oil-exporting countries and the industrial oil-importing and consuming countries. On the basis of such a dialogue, a formula can be developed to serve the producing party's interests, considering that oil constitutes a part of its national revenues, without squeezing the other party's interests because it is a consuming party."

"In other words, raising prices steeply and suddenly is not advisable or necessary because the world's economic interests are firmly interconnected."

Dr. Nafi'ah added: "It is certain that it is impossible to envision unified policies that serve everybody simultaneously, excluding the possibility of technical coordination between the two sides."

Arab Oil Situation

According to the latest Arab League report, Arab oil reserves amounted to 632 billion barrels in 1990, increasing by 5.2 percent over the preceding year and amounting to 62 percent of the total world reserves of 1.023 trillion barrels. In 1990, Arab oil production rose by nearly 3.8 percent over the preceding year, amounting to 16.6 million barrels daily.

Preliminary estimates indicate that the 1990 Arab oil revenues rose by 21 percent over the 1989 revenues, thus amounting to \$89.5 billion. An adviser to the Egyptian oil minister has expressed the opinion that levying just the first phase of the carbon tax will mean a loss of at least \$14.5 billion for the Arab countries alone and that if the United States implements the Clinton plan, the figure will rise to \$24 billion in the initial phase.

"It is worth noting, according to the adviser to the Egyptian oil minister, that the industrial countries consume nearly 60 percent of the world's oil production, at a rate of 37.7 million barrels daily. This consumption rose by 100,000 barrels daily in the second half of 1991.

Arab League Opinion

At the Arab League, colleague 'Ala' al-Banna interviewed Dr. Ibrahim Bin-Barakah, head of the league's General Department for Economic Affairs, who said: "The secretariat has not yet developed a studied and complete position on this issue. The situation dictates that the consequences of this issue be studied in terms of accurate figures and in light of scenarios developed under the canopy of numerous assumptions that set different levels for the value of this tax and for its duration over a reasonable period of time. Until this study, which is being currently conducted by the department in cooperation with Arab experts and with the competent organizations, is completed, it can be said that there is no doubt that the industrial countries' income from the taxes they levy on oil constitutes a resource that at times exceeds the revenue earned by the producing countries. If new taxes are added, the demand volume will be affected and will, consequently, decrease. This will result in a drop in the income of the oil-producing countries. It is well-known that oil is a strategic substance that is vital for economic and social development, not just of the oil-producing countries, but also of all the Arab and Islamic countries. Therefore, any additional burdens to these countries, most of which are developing countries, will directly undermine their growth and development plans. This will undermine in one way or another the future foreign investments of the Arab oil-producing countries because the volume of these investments is tied to the savings volume, and savings are the surplus exceeding what is required to meet the main essential needs. The savings volume affects investment.

Naturally, the greater the savings, the greater the investments. Proceeding on the basis of this axiom, we find that the investment volume is affected, of course, by any new restrictions taking the form of taxes that will inevitably result in reducing the savings volume and the interest on savings, thus reducing the investment volume."

Regarding the energy tax, Dr. Bin-Barakah said: "Prior to the Rio De Janeiro conference—the earth summit—the European countries made it clearly known that they planned to levy a progressive energy tax. Whereas the U.S. position remained reserved during the Bush administration, it seems now that the United States has embraced the European viewpoint, with all the risks this viewpoint harbors for the Arab oil market in particular."

Dr. Farid al-Najjar, a financial management, trade, and investment expert at the league's Economy Department, has said that the "Arab bloc must reexamine its calculations carefully and must develop the strategy of its movement on this issue after it completes examining the various ramifications of this situation to the economies of the oil-exporting countries, whether at the regional level or the collective level. The bloc must make sure that this strategy has clearcut features and that it is adopted at the level of single countries, at the regional level, and at the Arab level. Efforts must be made in the international lobbies to oppose any endeavors that could undermine the future economic development of the Arab countries. The decision to levy energy taxes is nothing but part of a series of attempts to weaken the competitive position of the Arab oil-exporting countries. These endeavors are embodied in the policies the oil-consuming countries embrace in importing oil from the Arab countries."

Dr. al-Najjar has stressed that in the shadow of the economic blocs existing currently, it is important to confront the endeavors "to suck the Arab blood" as a single bloc and to weaken the competitive position of the Arab oil-exporting countries' development and investment activities negatively.

Commentary Views Pros, Cons in 9th Round *93AA0010A London AL-SHARQ AL-AWSAT* *in Arabic 13 Mar 93 p 6*

[Editorial by Shukri Nasrallah in Paris: "Figuring Profit and Loss of Participation in Ninth Round of Peace Talks; Christopher Faces First Test"]

[Text] It is expected that the ninth round of Arab-Israeli negotiations will begin in Washington on 20 April at the invitation of the American and Russian co-sponsors, although the latter no longer has the fire of its Soviet predecessor. This round will be the first test of new American Secretary of State Warren Christopher, who differs from Henry Kissinger, who had been so immersed in fixed resolutions and regulations, and from James Baker, the steel-nerved, brilliant politician and negotiator. Christopher is set apart from the two previous secretaries of state by his greater age—his greater maturity and experience. He does not promote the philosophy of Kissinger; nor does he enjoy Baker's ability to maneuver.

The round will be held on schedule, according to the letters of invitations sent out by the U.S. State Department,

which the Palestinian side refused even to accept. It is, however, threatened with dissolution if observers' expectations are valid, due to the Palestinian position and the regrets of the Jordanian side, which candidly announced that it and the Palestinian side represented one integral unit, and that if the Palestinian half stayed away, then it would not be likely that the Jordanian half would attend.

On 10 March, Faruq al-Qadumi, the "Foreign Minister of the State of Palestine" visited Damascus and held talks on the 20 April round. Al-Qadumi said that the Palestine Liberation Organization is not able to pressure Palestinians inside [the territories] to take part in this next round. These Palestinians cannot antagonize Hamas, which is seen as a significant part of the intifadah and which has 400 deportees in Lebanon. Whether the deportees are from Hamas itself or are merely its supporters, the Palestinian side cannot go to Washington before they return, or their return is promised.

In March, Syrian Foreign Minister Faruq al-Shar' visited Cairo and held talks related to the negotiations. Al-Shar' said that Syria was unable, first of all, to boycott efforts at peace. Secondly, it did not want the Arabs to confuse the peace talks with the question of the deportees, because if they did that they would lose the opportunity for a grand solution. The question of the deportees was a matter concerning the intifadah, on one hand, Israel, which was occupying the West Bank and Gaza Strip on the other, and the Arabs as a whole. But it did not concern Washington, Moscow, or Europe, and these were the sides that were participating in and encouraging the peace talks.

On another front, Damascus posed the following question: Shall we abandon the negotiations for good if the deportees do not return home? Damascus answered this question by saying:

- If the answer is yes, then Israel has realized its ambitions on the ground, and we would have missed efforts for bilateral negotiations to get the occupier out of our land.
- If the answer is somewhere between yes and no, then there is no need for all this fuss. We have been invited to negotiate the return of our territories, and when the group negotiations begin on relations and other issues, we will be able to seize the initiative, and refuse if we want, or take part, if we want.

Before the end of March, the foreign ministers of the negotiating Arab countries—Syria, Lebanon, Jordan, the Palestinians, and Egypt—will actually meet in Damascus, and the chief topic on the meeting agenda will be solving the Syria-Lebanon conflict on one hand, and the Palestinian-Jordanian [conflict] on the other. The disagreement is over going to the negotiations or boycotting them.

At this point it appears that the conflict is still bubbling away between the two major sides: Syria and Palestine. So observers see the likelihood of a visit of al-Asad and Abu-'Ammar ['Arafat] to Cairo, each separately. But why Egypt?

Because today Egypt is holding firm to the Arab desire to negotiate and is playing the role of rare intermediary between America and the Arabs, on one hand, and the Arabs and the Israelis, on the other.

It is Egypt that proposed a phased solution to the problem of the deportees to the Americans, and then to the Israelis, so that their return will be complete by June, so that the punishment of deportation will have become six months instead of a year, and so that their return will be phased.

According to informed sources, none of the Arabs, including the Palestinians, were against a breakdown of a solution to the deportee problem, because for a hard Arab line, it is in their interest to give the impression that Hamas is everything at a time when Hamas is not the only one on the domestic Palestinian scene. It has no presence outside the occupied territory, in addition to which Hamas is part of a fundamentalist movement with roots in many Arab countries, something the Arabs do not want. At least three Arab countries have declared an all-out war on the fundamentalists, from which there is no retreat.

In the Egyptians' view, Washington is convinced of this agenda for solving the crisis of the deportees, and Israel, too, has agreed to the agenda, but does not want to look as if it has lost the battle with them. Egypt believes that an Arab attempt to end or to boycott the negotiations will cause grave losses to the Arabs. Egypt's view is supported by the following facts:

First, Arab weaponry and Arab-Arab relations do not allow, under any circumstances, for another winning war against Israel.

Second, the death of the Soviet Union deprived the Arabs of a political partner and sole source of arms.

Third, the Arabs, including the Palestinians, have accepted international Resolution 12, which gives Israel the right, in global and Arab terms (for the first time) to exist and live in peace inside secure borders.

Egypt says that in view of these reasons, it would be beneficial for the Arabs to negotiate. Among Egypt's information supporting American and Israeli guarantees that the Arab-Israeli negotiations will produce the following arrangements:

- A total Israeli military withdrawal from the Syrian Golan, to be followed by an agreement on a civilian withdrawal. Between the two withdrawals locations and sites for inspection and monitoring will be set up in the Golan, to be supervised by international forces.
- An Israeli withdrawal from most of the West Bank and all of Gaza, with the establishment of a Jordanian-Palestinian confederal state at a time subsequent to the negotiations.
- Israel's military withdrawal from southern Lebanon, to be followed by other agreements on relations and other topics.

According to Egyptian information, Syria and Jordan would benefit most from such arrangements, and the Palestinians and Lebanese would have the most to lose. The Palestinians, because they want a free, independent, sovereign Palestinian state, with them—and no one else—defining the relationship with Jordan. And the Lebanese, who do not like the Arab-Israeli talks while they wait for a final solution—that is, they want their crisis to be detached from the Middle East crisis. The Lebanese are afraid that linking their crisis to the Middle East crisis will lead to

something of a break or geographic or demographic change, particularly as the region around Israel in southern Lebanon forms a western flatland for the occupied Golan heights.

Relying on the information available on Arab participation in the April 20 round, the following may be gleaned:

If the Palestinians and Jordanians do not show up, the Egyptian theory will wither, and Syria will be disappointed.

If the Palestinians and Jordanians attend and the quorum is complete, it will mean a harsh blow to Hamas and perhaps to the intifadah.

Thus Egyptian and American efforts are now based on the preparing for a new Israeli return of the second third of the deportees before the coming round. This way, a solution to their crisis will then become possible and will not hinder negotiating efforts.

Arab League To Meet Soon To Discuss Jerusalem

93P50136A London AL-SHARQ AL-AWSAT in Arabic 1 Apr 93 p 3

[Excerpts] Cairo, AL-SHARQ AL-AWSAT—In its meeting to be held on 18 April, the League of Arab Nations council will discuss a number of proposals to determine the fate of the city of East Jerusalem, among them a proposal from the Vatican calling for its internationalization. This is in addition to proposals put forth by the Arab Jerusalem Committee, which has already held several meetings in Rabat under the chairmanship of King Hassan II of Morocco in order to create a transition formula under Israeli control of the city, or to remove it from the Arab-Israeli negotiations.

AL-SHARQ AL-AWSAT has learned that the concerned Arab countries and those participating in the peace talks have received an important political report delivered by Vatican Foreign Minister Jean-Louis Tauran during his current tour of the Middle East. The report contains the Pope's viewpoint, which affirms the Vatican's commitment to the necessity of ending all forms and stages of Israeli control over the city of East Jerusalem. [passage omitted]

During his recent visit to Cairo, the Vatican foreign minister asserted that diplomatic relations with Israel will not resume until after beginning to reach a comprehensive political settlement of the Middle East issue.

Editorial Accuses Talibani of Self-Serving Pursuits

93AE0398A London AL-HAYAH in Arabic 20 Feb 93 p 17

[Article by Joseph Samahah: "Talibani: A Word for Every Situation"]

[Text] Kurdish leader Jalal Talibani represents the bad side of political action. There is no doubt that he considers himself so "clever" that he permits himself to say one thing and do another.

He asks Israel for medical and humanitarian aid that he does not need and then visits Syria, after a long interruption, to repair collapsing relations and to make statements

that have no connection to logic. In Damascus, he expressed his dissatisfaction with the trilateral Syrian-Iranian-Turkish meeting, expressing the opinion that these neighboring countries have no right "to discuss internal affairs that concern the Iraqi people alone." He also expressed the fear that the "meeting and its resolutions are tantamount to violating and undermining Iraq's national sovereignty." The pearl of Talibani's statements is his assertion that "in accordance with international law, Iraqi internal issues may not be discussed by independent countries, even if they are neighbors of Iraq."

Whoever reads these statements is perplexed by what he reads. Talibani refers to his lengthy alliance with Syria, ignoring the fact that it constitutes intervention in Iraq's affairs, and he is not reluctant to refer to the support of the European Parliament and of all countries of the world for federalism in Iraq. It is as if he is saying that in order to have the right to intervene, other countries may not be neighbors of Iraq and may not disagree with any opinion that Talibani expresses on issues that concern others as much as they concern him, if not more so.

Talibani forgets that whatever he does is founded, to a large degree, on foreign intervention in Iraq and on the protected airspace imposed and guarded by the Western alliance's aircraft. Moreover, Talibani forgets, and this is most important, that the concept of the "right to intervention" was adopted by the Security Council in response to Kurdish demands.

Furthermore, Talibani says that he is not worried because the neighboring countries concerned do not agree among themselves, except on their disagreement with the regime in Baghdad. It is evident from this assessment that the Kurdish leader wagers on the perpetuation of the current regional and Arab situation to bring success to his plan. He has no interest in considering whether the perpetuation of this situation serves the interest of the region's peoples best. From a Kurdish viewpoint, what is more serious than this is for Talibani's plan to be founded on a fragile balance that could shift at any moment. Perhaps Talibani is more aware of the presence of this possibility. He was a party to altering the equation in 1975 (does he remember?). But this equation was upturned again with the end of the Iraq-Iran war. In both cases, the Kurdish people paid an exorbitant price, which is supposed to make them think twice before they entrust their future anew to shortsighted leaderships.

But Talibani is not just shortsighted. He is not reluctant to demand that Arabs take a different position toward his people and that they stop viewing Kurds as the "mountain Arabs," keeping in mind that the Arab side was the forerunner in recognizing the Kurdish nationality and that the phrase Talibani means is the "mountain Turks," which Ankara uses to describe its Kurds. Talibani is a partner with Ankara in persecuting and scattering these Kurds and in denying them their right to self-determination.

It is evident that Talibani's position on this right changes colors as often as Talibani changes his political alliances. While praising Syria for granting Kurds the right of full citizenship, Talibani intentionally disregards the fact that the "citizenship right" is not the same as the right to self-determination. In a sense, this is tantamount to

refuting the special character of Kurdish nationalism. This is unimportant because Talibani has a word for every situation, and Talibani's conscience is loose. He is one of few in the world who have agreed to have democracy imposed on them forcefully, and he cannot stop nature from piercing the veil of an assumed character.

Survey of Sudanese-Iranian Relations in 1992

93AF0391A London AL-MAJALLAH in Arabic
6 Jan 93 pp 26-27

[Article by Dr. 'Ali Nurizadah: "46 Official Visits, 8 Private Visits in 1 Year"]

[Text] Some Iranian officials, including certain advisers of President 'Ali Hashemi Rafsanjani, believe that Iran's strategy toward Sudan is wrong and will harm Tehran. Nevertheless, the strength of supporters of Iranian-Sudanese rapprochement is still in the ascendant. The following report surveys the special relationship.

People tell how Hojjat ol-Eslam Ne'matollah Qaderi, Iran's former ambassador to Sudan and architect of the strategic relations between Khartoum and Tehran, during one of his visits to the Sudanese Foreign Ministry ordered his driver to stop in front of a Sudanese armed forces master sergeant who was waiting for a taxi at a stand near the Foreign Ministry building. Qaderi opened the window of the car to ask the officer what his destination was. The question astonished the officer because as the questioner was wearing clerical garb and was traveling in a diplomatic car. This led the Sudanese soldier to say: "Go to your mosque, shaykh. My route is different from yours." Qaderi replied to the officer: "No doubt our way is different; but I am ready to take you as far as you want to go, even to the Presidential Palace, if you ask."

The officer, perplexed by Qaderi's words, asked him what he wanted. Qaderi said with a smile: "Our country is about to set up a special training course for researchers in surrealist art. Since Brother 'Umar al-Bashir has informed me that there is no researcher in this field in Sudan, I have to send someone Sudanese to Tehran so that Sudan's seat in the course will not go empty."

This curious story, one of many such anecdotes the Sudanese tell, reveals an important side of Iranian-Sudanese relations—relations that Tehran considers strategic, while Khartoum regards them quite differently.

Since the Iranian president visited Khartoum last year and the Sudanese president visited Tehran, relations between the countries have seen exciting developments. In the view of Iranian sources close to the government, Khartoum has replaced Damascus in terms of Iran's political, military, and cultural presence in the Arab world. In return, the Sudanese leadership hopes that Iran will replace Cairo. The nature of relations between Tehran and Khartoum raises many questions not only in the Arab world and Western countries, but also in Iran itself. Many officials wonder what can justify providing everything that the government of 'Umar al-Bashir demands. A glance at the dossier of Iranian-Sudanese relations during the past year reveals interesting facts that confirm that the relationship has gone beyond the context of ordinary relations between countries and must be monitored as a strategic relationship between a regime seeking a regional and international

role while facing many internal crises and an unstable military regime that is facing a domestic war with empty pockets.

Facts, Issues

The following are the most important facts and issues raised by last year's dossier on Iranian-Sudanese relations:

- Iran funded a \$300-million arms deal for Sudan that was concluded in China.
- The Iranian Government agreed to grant Sudan approximately \$86 million in loans in the form of financial credits to import Iranian goods.
- Iran supplied Sudan with about 1 million tons of oil—some of it as a gift to the Sudanese Armed Forces and the rest in exchange for goods and food.
- Thirty-five Iranian technical missions from the Ministries of Construction Jihad, Industry, Health, and Roads and Transport took charge of implementing 14 economic, health, and other projects in Sudan. Noteworthy were projects to build the Khartoum-Juba and Khartoum-Port Sudan international highway, five modern convalescent hospitals in the Sudanese provinces, and modernizing the army vehicle repair complex.
- In addition to the economic projects that Iranian ministries are undertaking, revolutionary institutions are actively participating in implementing a number of civilian and military projects. These include: —The Martyr's Institution has built a modern hospital in Khartoum and is in the process of building a second hospital in Port Sudan and a modern convalescent hospital in Omdurman. The institution is also building schools and religious libraries in Sudan.

—The Islamic Information Organization is funding the publication of pamphlets and books to promote revolutionary Islam in Sudan. These pamphlets and books are being distributed by the thousands free of charge. —The Revolutionary Guard is providing trainers and experts to the Sudanese Army. Army and Revolutionary Guard officers are also responsible for training the Sudanese special forces that protect the regime and training the volunteer units that 'Umar al-Bashir has formed modeled after Iran's Basij [Mobilization] forces. —The Ministry of Intelligence, [Revolutionary] Guard Intelligence, and the National Security Agency are cooperating with their Sudanese counterparts in all areas and at all levels: information exchange, detecting and monitoring moves by the two countries' opposition forces, international-level cooperation through intelligence officers at the countries' embassies in various parts of the world, and training Sudanese intelligence operatives at the intelligence college of the Iranian Ministry of Intelligence and Security. Iran is funding a project to modernize the equipment of the Sudanese security and intelligence apparatus. Sudan is said to have obtained unlimited numbers of computers and telephone bugging devices from Iran this year. —The Revolutionary Guard's liberation movements department is supervising three camps—north of Khartoum, southwest of Port Sudan, and the Wad Madani

barracks. So-called revolutionary youths from Arab and Islamic countries, especially Egypt, Algeria, Tunisia, Morocco, Mauritania, and Senegal, are being trained at these camps. Elements of the National Islamic Front, which is headed by Dr. Hasan al-Turabi, are cooperating with Revolutionary Guard personnel in training Arab fighters returned from Afghanistan. They receive special training in Sudan in guerrilla warfare, bomb making and placement, and blowing up buildings, along with religious and ideological lessons.

- The Iranian Radio and Television Company is providing some of the needs of Omdurman radio and Sudanese television in the form of serials, variety shows, and religious series. Sudanese technicians and program producers are being trained in Iran at the Higher Institute for Radio and Television.
- The Ministry of Higher Education in Iran grants 80 scholarships a year to Sudanese students to continue their university studies at the universities of Tehran, Esfahan, and Mashhad. Many Sudanese students are also taking religious courses at Imam Sadeq University, seminaries in Qom, and the Martyr Motahari School in Tehran.
- The Sudanese military establishment received tremendous quantities of military equipment and supplies from Iran last year, including Iranian-produced equipment such as Sagher missiles, 107-mm mini-Katyusha rockets, missile launchers, and Uzi and Kalashnikov machine guns, or surplus Iranian army equipment. Iranian military planning experts who participated in planning military operations against Iraq during the Iran-Iraq war helped the Sudanese Army in its operations against opposition groups in the south this year. They prepared attack schemes like the ones that Iranian forces carried out during the Ahvaz campaign and the occupation of the Majnun Islands and al-Faw Peninsula.

Visits Exchanged

Between January and December 1992, officials of the two countries made 46 official and 8 private visits. Several thousand Sudanese visited Iran to participate in training courses, religious and scientific seminars and conferences, or for tourism and private visits paid by official organizations. The number of Iranian military men, technicians, doctors, clergymen, teachers, and professors working in Sudan rose to about 1,000.

It became so usual to see Colonel Sulayman Muhammad Sulayman, a member of the Sudanese Military Command Council and minister of culture and information, in Tehran on every occasion that the colonel gained the nickname of "Iran's man in Sudan"—the private courier between 'Ali Hashemi Rafsanjani and 'Umar al-Bashir. Among the period's most important visits by officials from Tehran and Khartoum one must mention the visit by a seven-man Sudanese delegation to Tehran on 11 January. Finance Minister 'Abd-al-Rahim Hamdi headed the delegation, which included among its members the minister of energy, the deputy minister of commerce, and Sudanese

experts to monitor implementation procedures for the commercial and economic agreements concluded between the two countries.

The delegation held talks with the ministers of finance and economy, commerce, petroleum, foreign affairs, and construction jihad. It also met with the guide of the revolution, 'Ali Khamene'i, and with President Rafsanjani. The delegation sought to broaden economic relations between the two countries, establish air and maritime lines between them, purchase 500 tractors, and learn from Iran's economic experiences. The Iranian side announced its readiness to open a maritime shipping line, set up exhibits of Iranian products in Sudan, and provide Sudan with medicines manufactured in Iran. There was also an agreement to buy Sudanese livestock.

Under a subsequent agreement, Iran agreed to train Sudanese pilots, technical crews, and sailors at the air and naval academies and the Air Force's Higher Institute for Technicians. Air and naval trips between the two countries were also put into operation.

On 25 June, General Hassan 'Abd-al-Rahman, chief of staff of the Sudanese army, visited Iran at the head of a large military delegation that included the commanders of the Sudanese military forces, the director of the army's logistics department, and military intelligence officers at the invitation of Mohsen Reza'i, commander of the Revolutionary Guard, who had previously visited Sudan at the head of a group of guard commanders. General 'Abd-al-Rahman's visit to Iran raised the fears in Egypt and some other Arab countries. Their doubts about Iran's plans for the region of the Red Sea and Bab el Mandeb Strait increased when one of the sections of the military cooperation agreement signed between the two countries during the Sudanese chief of staff's visit to Iran included offering facilities to Iranian naval forces to establish naval monitoring and surveillance installations. Fears that the visit raised in some Arab countries were reflected in a slowing and delay in the growth of Iran's relations with the Arab states.

It should be mentioned that the Sudanese chief of staff attended maneuvers of the Army and Revolutionary Guard. He and his accompanying delegation visited military installations and complexes producing weapons and military equipment in Tehran and Esfahan. General 'Abd-al-Rahman was able to obtain the Iranian leadership's agreement to increase military aid to Sudan. A visit to the Sudan by the head of Iran's judicial system, Ayatollah Mohammad Yazdi, took place late last November and lasted into the beginning of December. Yazdi met with Sudan's president, members of the Military Command Council, the minister of justice, and Chief Justice Jalal 'Ali Lutfi during the visit. The two countries agreed on training Sudanese judges in Iran and on helping Sudan apply Islamic law and punishments. This will be done by sending experts and professors of law and Islamic law to Sudan.

Iran Denies Deal To Lend Sudan Iraqi Airplanes
93AE0355C London AL-SHARQ AL-AWSAT
in Arabic 25 Jan 93 p 4

[Article from Khartoum, Amman, and Cairo]

[Text] Iran yesterday denied that there was an agreement between Khartoum, Baghdad, and Tehran to place Iraqi military airplanes in Iran temporarily at the disposal of Sudan.

The director of the Iranian mission in Cairo yesterday issued a statement that said that the reports on such an agreement are unfounded.

General 'Abd-al-Rahman Sa'id, former deputy chief of staff of the Sudanese Army and a member of the opposition's "legitimate leadership" made statements in Cairo last Wednesday that said that Iran, Sudan, and Iraq have reached such an agreement within the framework of enhancing the military power of the Sudanese Government in preparation of a large scale attack on the Garang Movement.

In other matters, the official newspaper AL-INQADH AL-WATANI quoted a Sudanese diplomatic source as saying that in response to Syrian mediation, Sudan agrees to hold the meetings of the Egyptian-Sudanese Joint Committee on Halaib in Khartoum.

The source added that General 'Umar al-Bashir, chairman of the Revolutionary Council, received a letter from Syrian President Hafiz al-Asad during the visit of a Syrian presidential envoy last week who expressed the willingness of his country to solve the problem between Egypt and Sudan.

The source added that General Bashir has welcomed the Syrian efforts and added that Sudan has informed Egypt through its ambassador in Khartoum of the details of the Syrian efforts.

The source denied what has been mentioned in the media circles in Cairo regarding the withdrawal of Sudan's complaint to the Security Council, adding that after finalizing the details of the joint committee and upon achieving a final and comprehensive settlement, it will withdraw the complaint. The source also added that there has been no changes in the chairmanship of the Sudanese negotiators and that 'Uthman Yasin 'Ali, the Sudanese ambassador to the United Kingdom, is still the head of the Sudanese delegation.

It is expected that the Sudanese Transitional National Council will hold a closed meeting this week to listen to the report that has been prepared by a committee appointed by the council. The committee is under the chairmanship of Ahmad 'Abd-al-Rahman, a prominent leader in the Islamic Front.

Sources said that the committee has listened to reports from specialists in surveying, maps, management and law to prepare a report that includes all possible alternatives.

The National Council formed this committee after two closed sessions last week. During these sessions, it spent eight hours listening to two reports from specialists and people interested in the Sudanese-Egyptian relations.

In Amman, the Jordanian Council of Islamic Organizations and Societies expressed its hope that Egypt and Sudan will reach a fraternal solution to their disagreements on Halaib.

During a meeting with the Sudanese Ambassador to Jordan, which was attended by the council secretary general, 'Abd-al-Latif al-Subhi; Husayn al-Maliki, and Sulaiman Abu-Sulyaman, the council urged the Egyptian and Sudanese Governments to establish a union under the name of the "Nile Basin Republic" or the "Republic of Egypt and Sudan" because the two countries have all of the elements of unity.

During the meeting, the council's delegation expressed its hope that the unity of the Nile Basin, which has long been a popular demand, will materialize at the hands of Presidents Mubarak and Bashir.

Story of Lebanese-Iranian Rapprochement Related
 93AE0332A Doha AL-SHARQ in Arabic
 1 Feb 93 p 9

[Article by Lebanese journalist Joseph Qusayfi, a member of the Lebanese Press Editors Union board and of the International Journalists Organization executive board]

[Text] Lebanese-Iranian relations have begun to plow ahead toward some stability. This, after years of interruptions, which have been sown with mines and marred by ruptures and shocks, because Tehran has dealt with Beirut based on the logic of revolution, while Beirut has not erased from its memory Iran's image as an ordinary state that does not transgress the limits and precepts that two independent countries intent on their sovereignty and independence must usually observe in their bilateral relations.

During former President Amin al-Jumayyil's tenure, Lebanon severed its diplomatic relations with Iran. Iran deemed the step hostile and unilateral and disregarded it. Its diplomats entered Beirut amid a popular demonstration, posing a direct challenge to the government, which could not confront the challenge due to its impotence, division, and fragmentation.

While the Iranian Government and Iranian organizations extended their influence into several Lebanese circles and expanded their network of relations and interests with several political and party agencies, their relations with official Lebanon were deteriorating and collapsing, becoming nonexistent at times.

However, it was inevitable that these clouds would disperse, inasmuch as both countries have a firm interest in that happening, and it was hardly logical for official bilateral relations to continue declining while more than excellent relations existed between Tehran and a large group of Lebanese. Moreover, Tehran plays a prominent role in aiding fundamentalist parties and organizations in Lebanon, especially southern Lebanon, supplying them with all elements of material, informational, political, and psychological support. These parties and organizations constitute a hard number and an insurmountable obstacle in the path of the Lebanese Government, which has recently made efforts to close the files which it inherited from the period of hostage-taking, the [cynical] use of political logic, and the internal struggles, which mostly assumed a bloody character.

However, the greatest difficulty concerned the situation in southern Lebanon and Iran's continued support of the Islamic resistance. Official Lebanon desired and sought this resistance, as long as it was consistent with the Lebanese Government's strategy and took into account constraints and factors that deepened national steadfastness, i.e., as long as it avoided a lack of harmonization and coordination leading to a faulty step that the southern Lebanese would have to pay for with new displacements that would add to Lebanon's social problems. Tehran has supported and continues to support the resistance based on the principle of "help your brother," but not so much as to cause an explosion in the south of a type that could lead to a large-scale Israeli aggression, which could radically reshuffle the cards in the Middle East if not for Washington's, Damascus's, and Paris's rapid intervention to restore matters to normal.

Foreign Affairs and Emigres Minister Faris Buwayz was aware of the importance of restoring relations with Iran based on clear, new foundations. To this end, he sent the Foreign Ministry's Economic Affairs Director, Ja'far Mu'awi (who formerly served as Lebanon's ambassador to Tehran in especially sensitive and complicated circumstances) to Tehran to ascertain Iranian officials' willingness and receptiveness with respect to starting a new chapter in bilateral relations. Mu'awi made shuttle trips between Beirut and Tehran, which were followed by visits of Iranian Foreign Ministry officials. These events culminated in Buwayz visiting the Islamic Republic of Iran in September 1991. This visit, the first by a Lebanese official of Buwayz's level to Iran since the Khomeyni revolution, opened the way to the continuation and development of official relations.

Notable developments in Lebanese-Iranian relations occurred in early 1993. In response to an invitation extended by Iranian Consultative Assembly (Majles) Speaker 'Ali Akbar Nateq-Nuri, Nabih Birri, the chairman of the Chamber of Deputies, made an official visit to Tehran at the head of a parliamentary delegation which included deputies from different factions. On 19 January, while Birri's visit was in progress, Minister Buwayz landed in Tehran on a second official visit, considered an executive compliment to the initial opening measures began by the young Lebanese minister a year and a half earlier.

What did the minister say to officials in Iran?

Buwayz, with extreme frankness, asked Tehran to play a more active role in consolidating Lebanese domestic unity by strengthening Iranian relations with all Lebanese factions and sects, not just one faction, as it had been doing since the inception of the Islamic republic. He also advocated that Lebanese-Iranian relations become more firmly rooted in official organizations as opposed to unofficial parties and organizations.

Minister Buwayz very frankly told Iranian officials: "If we were to say that Iran helps the Shia, the Kingdom of Saudi Arabia helps the Sunnis, France helps the Maronites, and Russia helps the Orthodox, the principle would be very dangerous, and the Lebanese people would be divided again. We want Iran to deal with all Lebanese groups and not limit its relations to one group to the exclusion of another, even if it has a special attachment to a specific

group...." Iranian officials listened to Minister Buwayz's remarks without comment. However, they did share Lebanese views on a number of subjects, especially the new international order, the imbalance caused by the Soviet Union's fall, and the double standard applied to the treatment of international problems.

The two sides were of the opinion that the Security Council had become an executive tool in U.S. hands. The United States is inducing the Security Council to comply with U.S. decisions, regardless of their importance, on the quasi-international alliance against Iraq and on Operation Restore Hope in Somalia. At the same time, the council, also in keeping with U.S. wishes, has been slow to adopt decisive resolutions regarding the Palestinian deportees in southern Lebanon. How can the Security Council justify continuing the policy of appeasing Israel and not forcing Israel to return the Palestinians uprooted from their land? Is it reasonable for a summer and winter to pass without the Security Council not being proven to be a puppet in the hands of the world's sole and greatest power after the Kremlin's fall?

In this regard, Minister Buwayz, in his meetings with officials in Iran said: "Italian Foreign Minister Emilio Colombo asked Lebanon to permit the entry of medicine and food for the expees through Lebanese territory for humanitarian reasons. I asked him why George Habash was not received in France for humanitarian reasons. Why did Italy not accept German refugees for humanitarian reasons?" Buwayz, with dismay mixed with some anger, said: "How can the UN secretary general accept Israel's ambassador in Washington saying that he has guarantees that the Security Council will not adopt sanctions against Israel? Does that not prove the logic of a U.S. mandate over the highest international organization in the world?"

Buwayz was also unequivocal in saying that the economic situation in Lebanon has begun to improve. He said that the dollar had dropped 20 percent [against the Lebanese pound] with the formation of a new government. The situation in the economic realm augurs well. The government has decided to launch major projects next fall or as early as the beginning of this summer. Lebanon now knows what it wants. It has detailed studies on projects and lacks only the necessary financing to begin working on these projects immediately. Buwayz welcomed any country able to help implement these projects. He said that the aid must be channeled to projects that are vital for Lebanon, and Lebanon has a complete list of priorities. Both sides also shared the same views on the [Palestinian] expees, on the need to develop cooperation on the official level and in commerce and industry, and in their assessment of the new world order. However, they retained some differences regarding the Lebanese Government's right to set limits on Islamic resistance operations in Southern Lebanon in keeping with the government's strategy in reference to

Syrian and Iranian guarantees to maintain dual control over Islamic resistance operations to prevent any unforeseen incident that could entail unexpected dangers and surprises.

We can thus summarize [Lebanese-Iranian relations] as follows:

- Considerable progress has been made in official Lebanese-Iranian relations toward consolidating and normalizing bilateral relations and subjecting them to the principles that customarily govern relations between two independent countries.
- President 'Ali Akbar Hashemi-Rafsanjani has recognized Lebanon's independence and unity, and the Lebanese state's sovereignty over all of its territory. The assertion made by Rafsanjani was accompanied by the Lebanese Army's entry into the southern suburb, considered a stronghold of Lebanese parties and organizations close to Iran.
- Tehran and Beirut are studying a proposal made by Iranian Foreign Minister 'Ali Akbar Velayati to form a Lebanese-Iranian committee headed by two ministers appointed by the cabinet in each country to study ways to deepen and strengthen bilateral relations in all fields, especially in the area of economics.
- Iran is willing to open up to all sects in Lebanon, both Christian and Muslim, and to all political forces in Lebanon who are not among its clients. The visit made by Chamber of Deputies Chairman Nabih Birri was a first step in this direction. Birri heads the Amal Movement, Lebanon's largest Shiite organization. Amal has been opposed to Hizballah, which is linked closely to Tehran, and the two groups share a bloody history between each other that has been very costly to the sect and to Lebanon. Birri's visit to Iran crowned the process of normalizing Amal-Hizballah relations.

This development underscores Tehran's desire to establish a new mode in relating with all groups in Lebanon without abandoning its friends.

In any case, Iran, after the positive developments which have occurred on the Tehran-Beirut line, has mapped out a new course for itself. Tehran is basing this course on dealing with the Lebanese Government with the logic of a state (which is premised on relations existing between one state and another), and on dealing with the parties, organizations, and institutions associated with Iran based on the logic of "revolution," because Iran's links with Islamic groups in southern Lebanon remain its strongest link to Lebanon and its gateway into the regional situation.

It is still too early to predict the results of this course. But there is no harm in trying to do so, and in monitoring the effort as concepts mature, positions are defined, and cards are revealed.

Water Disputes With Turkey Discussed

93AE0355A London AL-SHARQ AL-AWSAT
in Arabic 5 Jan 93 p 6

[Article from Cairo: "Prelude to Water Crisis Is Easing of Relations Among Turkey, Syria, and Iraq]

[Text] Political circles in Cairo all agree that the Arab world will witness rapprochement in the Turkey-Syrian-Iraqi dispute regarding the distribution of waters from the Tigris and Euphrates. These circles hinted to AL-SHARQ AL-AWSAT that practical solutions will surface in a few days.

To support their expectations, the circles depended on the latest fruitful meeting held between Arab League Secretary General Dr. 'Ismat 'Abd-al-Majid and the Turkish ambassador to Cairo a few days before the end of last year.

The sources hinted that at the meeting, Turkey showed a complete understanding of the importance of solving the problem in a manner that guarantees the rights of the Arab states to the water. There was also mutual Arab-Turkish willingness to ease the tension and reach an agreement on the issue of water distribution.

The sources mentioned that setting a date for a new meeting depends on the Turkish Government's response to the Arab League proposals, which primarily concentrate on the need to guarantee both Syria's and Iraq's quotas of water and to prevent the construction of any new Turkish dams or projects that would threaten the quota of either of the two countries. The Arab League secretary general has notified the permanent representatives of Syria and Iraq of the results of his meeting.

It is worth mentioning that Egypt has participated in achieving the rapprochement on this crisis through a summit meeting held in Cairo before the end of last year

between Egyptian President Husni Mubarak and Turkish President Turgut Ozal during his latest visit to Egypt.

Iraq Protests Plans for Turkish Dam on Euphrates

93AF0348B London AL-HAYAH in Arabic
27 Jan 93 p 7

[Article from Cairo: "Iraq Accuses Turkey of Ignoring Iraqi and Syrian Rights to Euphrates Water"]

[Text] Iraq yesterday urged Dr. 'Ismat 'Abd-al-Majid, secretary general of the Arab League, to move in order to assure Arab rights to the waters of the Tigris and the Euphrates—after it heard rumors of an agreement between Turkey and a European consortium to build a fourth dam and a power-generating station on the Euphrates in Turkey, as mentioned in a letter from Iraqi Foreign Minister Muhammad Sa'id al-Sahhaf to 'Abd-al-Majid, which was delivered to 'Abd-al-Majid yesterday by Dr. Nabil Nijm, Iraq's permanent representative to the Arab League.

In a press release, Nijm said: "The Turkish position clearly neglects the rights of Iraq and Syria to the waters of the Euphrates, in addition to Turkey's unwillingness in the tripartite negotiations (Syria, Iraq, and Turkey) to reach a just and acceptable formula to share the waters of the Euphrates, considering it is an international river according to the well-established rules of international law."

He added: "The rules of international law do not allow any country of the common river to undertake any procedures or constructions on the river or its tributaries without the agreement of the other countries that overlook the river and after reaching an agreement to organize such an undertaking."

GCC Expects Annual Reinvestment of \$5-6 Billion

93AE0379A London AL-HAYAH in Arabic
3 Mar 93 p 12

[Article by Shafiq al-Asadi: "Economic Equilibrium Programs Make It Possible To Reinvest \$6 Billion Annually in GCC States"]

[Text] Abu-Dhabi—Gulf economic sources expect \$5 to \$6 billion to be reinvested in the Gulf Cooperation Council [GCC] member states through economic equilibrium programs—mutual trade deals programs.

A study conducted by the General Secretariat of the GCC Federation of Chambers of Commerce and Industry notes that it is expected that GCC member states will spend nearly \$90 billion on equipment and machinery imports in the remaining years of this decade, including \$50 billion to import communication equipment and \$30 billion to import oil extraction equipment and machinery.

The study asserts that in accordance with the economic equilibrium system, which three Gulf states (Saudi Arabia, UAE [United Arab Emirates], and Kuwait) have begun to apply to their various weapon and equipment purchases in order to reinvest 30 to 60 percent of the value of these transactions—in accordance with this system, the various activities of the three states' private sectors, especially the banking and investment institutions, will have the opportunity to expand its role and to secure great work opportunities.

The study notes that no less than 1 billion pounds sterling are reinvested in Saudi Arabia currently as a result of the Saudi-British al-Yamamah program, plus other investments emanating from other programs concluded with the United States and France.

Enactment of the mutual trade deals system (offset system) in the UAE took a very significant dimension last month when it was announced in Abu-Dhabi during the International Defense Exhibition (Idex 93) that the LeClerc tanks deal concluded by the UAE with France (for the purchase of 436 tanks valued at \$3.5 billion) will be subjected to the offset system.

Pierre Chiquet, president of the GIAT Company, which produces the tank, has announced that the company will reinvest nearly \$2 billion in various UAE investment projects and that it has studied to date 250 projects in the various sectors.

Westinghouse, a U.S. firm, has announced that it will reinvest 60 percent of the value of a deal with the UAE Air Force in UAE investment projects. The U.S. firm has concluded an \$300-million contract to set up a middle command and communications system for the air forces.

Dr. Amin Badr-al-Din, head of the Abu-Dhabi Offset Bureau, has revealed that the value of sums which will be reinvested in the UAE by way of the bureau has amounted to nearly \$3 billion since this system was enacted and that this sum will rise to \$5 billion by 1995. Meanwhile, it is expected that the total sum will amount to \$15 billion by the end of this decade. Dr. Badr-al-Din added that the offset system has become a law in the UAE and that it will be applied to all UAE weapon purchases.

The study emphasizes that Saudi Arabia is the pioneer among the GCC states in this regard, considering that it began its endeavor to implement the economic equilibrium program since the early 1980's as a means to acquire sophisticated technology. The study notes that the economic equilibrium program encompasses the aeronautics and airspace industry, the electronics industry, and other applied science, engineering, and computer projects. It also encompasses projects for programming in advanced languages and contributes to developing a highly efficient national system-analysis and data-processing capability.

The study further notes that the projects set up in Saudi Arabia as a result of application of the economic equilibrium system include the Piece Shield project, which emanated from Saudi Arabia's contracts with a consortium of U.S. firms to secure a command, control, and communications system for the Saudi Air Force. Within this context, it has been agreed to set up several companies owned equally by the U.S. firms implementing the Piece Shield project, led by Boeing, and Saudi firms. The U.S. side is to invest the equivalent of 35 percent of the value of the equipment and technical services for the Piece Shield project and Saudi firms are to invest similar sums.

Projects are also being implemented in Saudi Arabia within the framework of the al-Yamamah program, concluded between Saudi Arabia and Britain. In accordance with the program, British firms are to invest, through British Aerospace, the main contractor in al-Yamamah project, no less than 1 billion pounds sterling with Saudi firms, which will invest similar sums in projects in Saudi Arabia that will employ sophisticated product technology or production means.

In June 1990, Saudi Arabia concluded with France the al-Sawari program, in accordance with which the French Government pledges to implement economic equilibrium programs in return for any defense contracts France receives.

A number of projects are included within this economic equilibrium program with the French Government.

The study also notes that the mutual trade transactions (offset) program was launched in the UAE in 1990 and that foreign firms concluding contracts with the UAE have, as an initial phase, to reinvest nearly 60 percent of the total value of contracts for military purchases. Contracts for civilian purchases are to follow later, provided that the value of a contract is no less than \$3.5 million.

The study points out that in accordance with this system, the value of the cash contribution to projects that will be set up in the UAE will be subject to negotiation between all the emirates and the foreign seller who takes up this option. Consequently, sums accumulated as a result of this system will be deposited in a special fund called the Offset Programs Development Fund.

The study also points out that the Kuwaiti Government has assigned Lehman Brothers, a U.S. investment house, and the Kuwaiti Foreign Trade, Contracts, and Investment Corporation to conduct a study to define details of the program and how it will be implemented.

The study notes that the proposed Kuwaiti program demands that foreign contractors and exporters return

nearly three percent of the value of contracts they conclude with Kuwait to be invested in [Kuwaiti] projects inside or outside Kuwait.

It is proposed that the economic equilibrium principle be applied in the oil, defense, civil aviation, electricity, water, communication, and public works sectors.

By comparing the application of this system in Saudi Arabia, the UAE, and Kuwait, the study points out that there are differences in application, depending on the economic circumstances of each state. It also points out that Kuwait's tendency to apply the economic equilibrium programs reflects the character of the Kuwaiti economy and the opportunities for investment in this economy.

Iran Reportedly To Raise Tariffs on UAE Goods

93AE0366A London AL-HAYAH in Arabic
12 Feb 93 p 12

[Report from Dubayy: "Iran Seeks To Reduce Imports; UAE Fears for Its Exports"]

[Text] An Iranian diplomat said that last week's decision by the Iranian Government to raise customs levies on imports by 20 percent as of 21 March will neither materially impact the reexport trade from Dubai to Iran nor will it affect trade relations between the two countries.

Rahim 'Abdin Zadah, Iran's consul general in Dubayy, said that the Iranian decision is meant to reduce the country's foreign imports and increase reliance on domestic industry. He explained that the decree applies to goods from all markets and not only to those exported from Dubai.

He pointed out that the UAE [United Arab Emirates] was Iran's largest trading partner last year, with imports from UAE markets valued at some 3 billion dirhams (\$815 million). He emphasized that his country continues to liberalize its economy and support joint ventures and that the aforementioned decision would help, rather than undermine, its effort to attract investments because it would increase demand for national products.

Economic sources here expect imports by Iranian merchants to expand dramatically over the next few days before the higher customs levies on all imports go into effect.

It has been reported that Dubai markets will be the appropriate place for Iranian merchants to quickly acquire their needs because of short shipping distances, compared with other export markets of the world.

Iranian President Hasehmi-Rafsanjani said early last week that his government has decided to raise import customs duties by 20 percent as of the new Iranian year, which begins 21 March.

Economists believe that the purpose of the Iranian decision is to shrink the value of imports, which grew at a high rate in fiscal year 1991-92 to \$28 billion. Merchants were quoted as saying that higher customs duties would reduce the purchasing power of Iranian markets, which depend on imports for meeting a large segment of demand, and that they would also push consumer prices higher by 10 to 25 percent.

The merchants considered it unlikely that reexports from Dubai to Iran would decline by year-end from their current levels. The value of those reexports amounted last year to about \$700 million.

Official figures released by the Central Department of the Census in Dubai indicate that reexports to Iranian markets accounted for more than 30 percent of Dubai's aggregate reexports to world markets in the first nine months of last year, compared with the same period in 1991.

Goods and products reexported to Iran from Dubai markets consist mostly of foodstuffs, such as sugar, rice, tea, and cooking oil; tools and equipment; spare parts; autos; various means of transportation; and electrical appliances.

Bank Official Explains Weak Japanese Investment

93AE0380A London AL-SHARQ AL-AWSAT
in Arabic 5 Mar 93 p 14

[Article: "Limited Dimensions of Polarizing Projects Behind Tokyo's Weak Investments in Gulf"]

[Text] Bahrain—The Bank of Tokyo chairman said that even though the Gulf region is one of the main areas that supply Japan with energy resources, industrial cooperation between the Gulf and Japan has not risen to the desired level in the past. In an address he delivered at a Gulf economic symposium organized in Bahrain recently, Toyoo Gyoten said that the value of Japan's direct investments in the Gulf region is \$3.5 billion, or 1 percent Japan's total foreign investments.

The Bank of Tokyo chairman noted that the major part of these investments are in the oil production sector, the petrochemical industry, and financial services, but he pointed out that the limited nature of the projects that attract Japanese businesses, plus Japan's lack of knowledge and experience with this region, are behind this low investment level.

Diversifying Investment Sources

But the Japanese official added that there has been growing interest on the part of the Japanese Government and business circles, especially since the Gulf war, and that this interest focuses on boosting economic cooperation with the Gulf region. He noted that the possibilities of establishing firmer stability in the region and the Gulf officials' evident wish to strengthen the bonds of cooperation with Japan have all contributed to enhancing this interest. He said that in this case, it is normal that we think that the sphere of Japanese investment will continue to be the sphere of the oil and gas-related industry. But he pointed out that should other appropriate circumstances develop, the Japanese investor will find an opportunity to contribute to joint projects in the sphere of manufactured and unmanufactured goods channeled toward Middle East and African markets. This is in addition to projects aimed at building and enhancing the infrastructure, such as transport and communications. The Bank of Tokyo chairman did not forget to point out that all of this may lead to highlighting the Gulf tourism sector as a promising sphere, if one takes into account the abundant natural and cultural attractions in the region.

The Japanese official added that the Gulf region and Japan need a greater exchange of information and opinions. There is active dialogue between governments and business circles, according to this official, and it is of great significance in transforming mutual interests into tangible accomplishments.

Mighty Economic Steps

Commenting on the Gulf region's banking system, the Bank of Tokyo chairman said that any country's banking system will continue to suffer from two insurmountable problems: how to establish the best balance between the effort to attain maximum efficiency through free competition and establish ideal stability through common cooperation, and how to secure a fair sharing of investment risks by banks, clients, and supervisory bodies. He said that these two problems constitute a future international challenge.

Regarding the Gulf region, the Japanese banking official said that thanks to the rapid growth of oil revenues in the 1970's, the Gulf region took mighty steps in the direction of economic development and became, undoubtedly, the region of fundamental developments in the post-war era. The wealth accumulated in the 1970's has, according to this official, contributed largely to the myth that the Gulf region has become and will continue to be a region abounding with surplus money. The official noted that a number of the Gulf countries have adopted a well-considered and judicious approach to prepare for the "post-oil" era by investing in the diversification of their resources and developing their industrial structure.

The Japanese official added that despite the promising start made in the 1970's, the Gulf region had to confront a serious challenge in the 1980's. The "oil prosperity" created in the market an instability that subsequently led to a stifling depression of oil prices. This led in turn to the deterioration of the economies of a number of Gulf countries. This deterioration was reflected in deficit in the foreign current account and in the fiscal balance. The growth in GNP [gross national product] turned into a negative growth which caused the foreign debt volume to increase and the economic gap separating the Gulf states to widen.

The Bank of Tokyo chairman said that in the 1990's, the Gulf region is faced with the major task of reversing that economic tendency and of preparing the foundations to diversify the resources and to develop the industrial structure on which real economic development can be built. He added that nobody can deny that the region's economy

encompasses obstacles imposed by the region's natural and historical background. To establish an effective infrastructure, including transportation, communications, and other public services, and to implement a successful industrialization program, the Gulf region needs technological aid from the industrial countries. It also needs to set up industrial projects through participation with foreign investment circles. The Japanese official added that the Gulf region needs to secure skilled and unskilled labor. But the most important issue is how to create the appropriate conditions under which these production elements can be acquired? He noted, for example, that without the presence of an essential industrial base, it will be difficult, even in case the necessary financial arrangements are made, to set up joint industrial projects relying on high-level technologies. He added that labor importation will not be beneficial unless coupled with acquisition of the appropriate production technologies and with getting imports at a reasonable cost.

Public and Private Cooperation

The Bank of Tokyo chairman said that for a successful implementation of industrial projects in the Gulf region, it is necessary to secure certain conditions, whether in the preparatory phase or the operational phase. A host country must, first, chart a clear industrial policy in connection with the objective of the project concerned. For example, is the objective of the project to replace imports or to bolster exports? Then, and in light of what is stipulated by the project's objective, the necessary steps must be taken to facilitate the consumption or sale of its products. The organizational and institutional facilities and the necessary financial resources must also be made ready. A project set up hastily and without adequate preparation is, in this official's opinion, likely to face serious difficulties afterward.

Second, as soon as a project is put into operation, the necessary labor must be trained adequately and managed efficiently. A transfer of the necessary [general] technology and production technology must be secured. Material and equipment must also be imported at a reasonable cost. It is here that importance of the need to prepare the facilities necessary to bolster the establishment of a project emerges.

Concluding, the Bank of Tokyo chairman said in his address to the banking symposium, which was held in Bahrain, that creating these conditions is not an easy thing. However, they can be secured through firm cooperation between a host government and foreign investment circles in a manner that enables a project to be competitive in the market.

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15 APRIL 1993